

Prevailing Wage Compliance Specialists		Agency/Program #: 6602-04-I1
		Division: Employment Relations
		Program:
Agency Name:	Department of Labor and Industry	
Agency Contact:	Tammy LaVigne	444-3697
LFC Contact:	Representative Hiner, Senator Bales, Senator Schmidt	
LFD Liaison:	Pam Joehler	444-2722
OBPP Liaison:	Shawn Graham	444-0054

Program or Project Description:

The legislature approved \$150,000 each year of the biennium from the employment security state special revenue account for 2.00 new FTE compliance specialists to expand the prevailing wage and minimum wage enforcement and compliance work unit. The additional staff will be used to verify correct prevailing wages and insure that employers are properly paying the increase in minimum wages required by Initiative 151, passed by Montana voters in 2006.

Appropriation, Expenditure and Source					Approp & Expenditure numbers are as of April 15, 2008
Fund Name:	2008		2009		
	Approp.	Expended	Approp.	Expended	
General Fund					
State Special	150,000	94,501	150,000		
Federal Funds					
Total:	\$150,000	\$94,501	\$150,000	\$0	

Legislative Goal(s):

Protect and maintain the general welfare of Montana workers through enforcement and compliance with the Montana Prevailing Wage Act.

Legislative Performance Measures :

1. Identify those projects subject to the prevailing wage law.
2. Ensure the Contracting Agent has included prevailing wage rate schedules in public works contracts let out for bid, and has included a provision requiring contractors give preference to employment of bona fide Montana residents.
3. Conduct routine site inspections of public construction and nonconstruction projects to:
 - o Verify the prevailing wage rate schedules have been posted on the project site or work area.
 - o Interview workers of the contractor and subcontractors to ensure they are classified in accordance with the craft or trade to be performed and paid the established prevailing wage rate.
4. Inspect and audit payroll records of contractors and subcontractors.
5. Investigate complaints of misclassification and or nonpayment of prevailing wage rates.
6. Provide general education and training on Montana's prevailing wage law and regulations to contractors, subcontractors and public contracting agencies through seminars, reference materials and on site visits.
7. Number and percent of employers audited or inspected that were in compliance with the law

2009 Biennium Significant Milestones:

Completion Dates
Target Actual

1	Hire two Prevailing Wage Specialists by 09/30/07, for increased administration and enforcement of the Montana Prevailing Wage law.		
2	• Develop Job Site Visit procedures by 01/01/08.		
3	• Develop/revise standard letters sent to contractors/subcontractors and contracting entities by 01/01/08.		
4	• Conduct a total of 24 on site inspections of public construction and non-construction projects/contracts by 06/30/08; a total of 48 on site inspections by 12/31/08; a total of 72 on site inspections by 06/30/09.		
5	• Inspect and audit payroll records of at least 8 contractors and/or subcontractors by 06/30/08; a total of 16 audits by 12/31/08; a total of 24 by 06/30/09.		

- Develop a Frequently Asked Question (FAQ) link on the Department's website relating to prevailing compliance by 03/31/08.

Agency Performance Report:

SEE ATTACHED

LFD Narrative:

LFD ASSESSMENT: On-Track

DATA RELEVANCE: The information reported in the Agency Performance section relates to the legislative goals and performance measures.

APPROPRIATION STATUS: Appropriation and expenditure data were provided

OPTIONS:

- 1) Dismiss from further review
- 2) Review again in October 2008
- 3) Request additional information
- 4) Upgrade or downgrade the rating

POTENTIAL QUESTIONS FOR THE COMMITTEE:

- What budget changes are being considered for the 2011 biennium for this program and why?
- What are the next steps in implementation to assure continued positive outcomes?
- Are there any potential obstacles in the near future that may change the course of this initiative or progress towards the goal?
- How is this level of performance going to be sustained?
- Why was this particularly successful?



Version	Date	Author
	5/21/2008	Joehler

Change Description
Added LFD narrative; cut & paste from agency submitted document

- Hired two Prevailing Wage Specialists on 09/18/07 and 09/24/07.
- Prevailing Wage Compliance staff is currently identifying projects subject to the Montana Prevailing Wage law with the expectation of conducting on site visits.
- Compliance staff is currently in the process of finalizing the Job Site Visit procedures and standardized letters.

As of October 2007, three prevailing wage audits have been initiated by the new compliance staff.

UPDATES are printed below:

1. Projects known to the Department subject to the prevailing wage law are identified through the F.W. Dodge Construction Network reports and MCA (Montana Contractor's Association) Plan Reports.
2. Contacted 28 contracting agencies and/or their agents to verify the prevailing wage rates schedules were included in the public works contracts and the provision requiring preference of Montana residents. 26 had the appropriate prevailing wage rate schedules and 2 were found in non-compliance.
3. Completed 31 on-site visits:
 - Required posting of prevailing wage rates in place upon exit visit.
 - Interviewed 52 employees of the 37 contractors and or sub-contractors who were on site.
4. Inspected payroll of 37 contractors and or sub-contractors of which 1(one) led to full audit.
5. Investigated 48 complaints of misclassification and or nonpayment of prevailing wage rates from July 2007 to current.
6. Provided reference material (Wage Hour Laws and Prevailing Wage Pamphlet) to contractors and or subcontractors and employees on job sites visited. Implemented a Frequently Asked Question (FAQ) link on Department's website.
7. There were 85 total employers audited and or inspected, (#4 above plus #5) 47 or 55% were in compliance with the prevailing wage law.